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Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

You were formed to act as a business league advancing the civic and commercial interests of merchants in [REDACTED].

Membership is mandatory by all merchants leasing space in [REDACTED]. Your organization also provides for voluntary membership by local businesses located outside of the mall. To date, one voluntary membership has been considered.

Your activities serve to attract customers to the mall, encourage cooperation among members and improve the image of the mall in the community.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of nonprofit business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earning of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
SUR-NAME	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
DATE	5/10/83	5/17/83	5/20/83	5/24/83	5/26/83		

DEPARTMENT OF THE TREASURY—INTERNAL REVENUE SERVICE

CORRESPONDENCE APPROVAL AND CLEARANCE

FORM 1027-A (Rev. 9-74)

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"Revenue Ruling 73-411 held that a shopping center merchant's association whose membership is restricted to and required of the tenants of a one-owner shopping center and their common lessor and whose activities are directed to promoting the general business interests of its members, does not qualify as a business league or chamber of commerce under section 501(c)(6) of the Code."

Since a mall merchants association is not structured along particular industry or business lines but is composed of various types of business concerns and commercial endeavors comprising the shopping center, exemption, if any, must rest on the mall's characterization as a chamber of commerce or similar organization. However, neither the compulsory membership feature of the present organization nor the fact that its membership is determined without reference to any geographical or political community in the usual sense is characteristic of such organizations.

Accordingly, it is held that you are not entitled to recognition of exemption from Federal income tax under section 501(c)(6) of the Code. You are required to file Federal income tax returns on Form 1120 for each year you have been in existence.


We are not ruling on your qualification for exemption under any related paragraph of Internal Revenue Code 501(c).

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with the Office of Regional Director of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at our Regional office or, if you request, at any mutually convenient District office.

If we do not hear from you within 30 days from the date of this letter, this ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,


District Director

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